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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U 338-E) for Approval of the Hoover
Electric Service Contract and the Restated and
Amended Implementation Agreement.

A1608017

Application No. 16-08-

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
APPROVAL OF THE HOOVER ELECTRIC SERVICE CONTRACT AND THE
RESTATED AND AMENDED IMPLEMENTATION AGREEMENT**

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Dated: **August 29, 2016**

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Pursuant to Rules 1 and 2 of the California Public Utilities Commission’s (“Commission” or “CPUC”) Rules of Practice and Procedure and Sections 451, 701 and 702 of the Public Utilities Code, Southern California Edison Company (“SCE”) submits this Application for Approval of the Hoover Electric Service Contract and the Restated and Amended Implementation Agreement (“Application”). SCE’s filing consists of this Application. Concurrently with the filing of this Application, SCE is serving Testimony in support of this Application (“Exhibit SCE-01”) and Appendices (“Exhibit SCE-02” and “Exhibit SCE-03”).

I.

INTRODUCTION

Through this Application, and pursuant to Public Utilities Code Sections 451, 701 and 702 and in furtherance of California’s energy and policy initiatives,¹ SCE seeks Commission

¹ Senate Bill 350 “require[s] that the amount of electricity generated and sold to retail customers per year from eligible renewable energy resources be increased to 50% by December 31, 2030....” Yet, California “face[s] operational challenges in achieving our renewable energy goals.” Energy Action Plan, dated February 2008, at 15. Hoover Dam is a flexible resource that responds quickly to changes in the daily energy markets. This benefit aids in achieving California’s renewable goals by serving as a cost-effective resource for backing up intermittent resources, like solar and wind.

approval of two contracts in order to continue receiving low-cost capacity and energy from the Hoover Dam for the benefit of its customers: (1) the Hoover Electric Service Contract (“Hoover ESC”), under which SCE will purchase and pay for power generated by the Hoover Dam; and (2) an Amended and Restated Implementation Agreement (“Implementation Agreement”), pertaining to the administration of the electric service agreements for all Hoover contractors, including SCE. Although SCE is seeking approval of both the Hoover ESC and the Implementation Agreement, the focus of SCE’s supporting testimony will be on the Hoover ESC because it specifies the terms and conditions under which SCE will receive its energy and capacity allocations from the Hoover Powerplant, pursuant to the Hoover Power Allocation Act of 2011.²

SCE has been receiving capacity and clean energy from the Hoover Dam for nearly 80 years. The Boulder Canyon Project Act of 1928,³ which authorized construction of the Hoover Dam, also authorized contracts for electrical energy generated by the dam.⁴ The purpose of the power contracts was to provide revenue to amortize the cost of the dam in order to recover the government’s investment in the construction of the dam.⁵ In accordance with the 1928 Act, the three principal allottees of power from the Hoover Dam were the Metropolitan Water District of Southern California, the City of Los Angeles, and SCE.⁶

SCE is currently the only non-governmental entity, and one of 15 contractors, with a statutory allocation of Hoover power under the current Hoover contract.⁷ The current Hoover

² Hoover Power Allocation Act of 2011 (codified in 43 U.S.C. §§ 619a *et seq.*).

³ Boulder Canyon Project Act of 1928 (codified in 43 U.S.C. §§ 617 *et seq.*).

⁴ 43 U.S.C. § 617d.

⁵ Ray Lyman Wilbur & Northcutt Ely, *THE HOOVER DAM POWER AND WATER CONTRACTS AND RELATED DATA 15* (United States Government Printing Office 1933).

⁶ *Id.* at 18-19.

⁷ Hoover Power Plant Act of 1984 (codified in 43 U.S.C. § 619). In addition to SCE, the contractors that currently receive Hoover power under the existing contracts are Arizona, California and Nevada governmental entities, including the following: California municipalities (Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon); Nevada municipality (Boulder City); and state agencies (Arizona Power Authority, Colorado River Commission of Nevada, the Metropolitan Water District of Southern California).

ESC contract and Implementation Agreement will expire on September 30, 2017. SCE seeks approval of the Hoover ESC and Implementation Agreement, which will secure its allocation of Hoover power for the 50-year renewal term, thereby preserving this cost-effective, flexible, reliable, and emission-free resource for the benefit of its customers.

II.

SUMMARY OF REQUEST

SCE requests Commission approval of the Hoover Electric Service Contract, under which SCE will purchase and pay for power generated by the Hoover Dam, and the Amended and Restated Implementation Agreement, pertaining to the administration of the electric service agreements for all Hoover contractors, including SCE.

III.

ORGANIZATION OF SCE'S TESTIMONY

Exhibit SCE-01, "Testimony of Southern California Edison Company in Support of its Application for Approval of the Hoover Electric Service Contract and the Amended and Restated Implementation Agreement," is organized in a single volume with five chapters as follows:

- Chapter 1: Introduction
- Chapter 2: Background
- Chapter 3: Valuation Process
- Chapter 4: Description of the Hoover Electric Service Contract and the Amended and Restated Implementation Agreement
- Chapter 5: Cost Recovery
- Appendix A: Witness Qualifications (including Confidentiality Declaration)
- Appendix B: Hoover Electric Service Contract
- Appendix C: Amended and Restated Implementation Agreement

IV.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. Statutory and Other Authority

SCE files this Application pursuant to Public Utilities Code Sections 451, 701 and 702 and the Commission's Rules of Practice and Procedure. Specifically, SCE's Application complies with the Commission's Rules of Practice and Procedure 1.5 through 1.11 and 1.13, which specify the procedures for, among other things, filing documents. In addition, this Application complies with Rules 2.1 and 2.2. Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. SCE's Application sets forth the relief sought, the authority for such relief, and has been verified by an SCE officer as provided in Rules 1.11 and 2.1. Rule 2.1 sets forth further requirements that are addressed separately in the sections below.

B. Legal Name, Principal Place of Business, and Correspondence or Communications

Pursuant to Rule 2.1 of the Commission's Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing, and selling electric energy for light, heat, and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770, and its post office address and telephone number are:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1212

Tristan Reyes Close is the attorney on this matter. Correspondence or communications regarding this Application should be addressed to:

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To request a copy of this Application, please contact Ms. Reyes Close.

C. Categorization, Hearings, Issues to be Considered and Proposed Schedule Pursuant to Rule 2.1(c)

1. Proposed Category

Rule 7.1(e)(2) provides that if a proceeding does not clearly fit within one of the three established categories, the proceeding generally should be conducted under the rule for ratesetting proceedings. Thus, SCE proposes that this proceeding be categorized as a “ratesetting” proceeding as defined in Rule 1.3(e) of the Commission’s Rules of Practice and Procedure and California Public Utilities Code Section 1701.1(c)(3).

SCE is not proposing specific rate increases at this time, but is seeking approval of the Hoover ESC and the Implementation Agreement, including cost recovery for the Hoover ESC. SCE proposes to continue to include in its annual Energy Resource Recovery Account (“ERRA”) Forecast proceeding a forecast of the costs of the Hoover ESC to be included in rates for the following year. The costs of the Hoover ESC that will be included in rates will be trued-up to their actual recorded costs through balancing accounts.

2. Need for Hearings

SCE's Application and supporting Testimony and Appendices submitted herewith contain sufficient information and constitute a sufficient record for the Commission to rule on SCE's Application without the need for evidentiary hearings. SCE believes that all interested parties can comment and express their views in writing through protests and comments.

3. Proposed Schedule

SCE proposes the following schedule for this proceeding, which meets the requirements of Rules 2.1(c) and 2.6 to resolve ratesetting proceedings within 18 months:

Application Filed	August 29, 2016
Daily Calendar Notice Appears	September 1, 2016
Protests and Responses Due	October 3, 2016
Reply to Protests and Responses Due	October 13, 2016
Prehearing Conference	November 3, 2016
Proposed Decision Mailed	February 1, 2017
Comments on Proposed Decision Due	February 21, 2017
Reply Comments Due	February 27, 2017
Commission Issues Final Decision	March 17, 2017

4. Issues to be Considered, Including Relevant Safety Considerations

The issues to be considered in connection with this Application are specified in SCE's Testimony, the Summary of SCE's Request in Section II above, and the Prayer for Relief set forth in Section V below. Relevant safety considerations are discussed in SCE's testimony, SCE-01, Chapter 4, Section A.5.

D. Organization, Qualification to Transact Business and Articles of Incorporation
Pursuant to Rule 2.2

In compliance with Rule 2.2 of the Commission's Rules of Practice and Procedure,⁸ a copy of SCE's Certificate of Restated Articles of Incorporation, effective March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect,

⁸ Rule 2.2 requires the applicant, in this case SCE, to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock, filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with Application No. 16-04-001, and is by reference made a part hereof.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 18, 2016, pursuant to Commission General Order Nos. 65-A and 104-A.

E. Requirements That Are Not Applicable

Because this Application does not request authority to increase rates and only seeks approval of the Hoover ESC and the Implementation Agreement, the requirements of 3.2(a)(1)-(5), (7)-(8), (10) and 3.2(b)-(e) of the Commission's Rules of Practice and Procedure are not applicable.

F. Index of Exhibits to This Application

SCE's submissions in support of this Application include the following, which are incorporated herein by reference:

Exhibits to Application

- | | |
|----------------|---|
| Exhibit SCE-01 | Testimony of Southern California Edison Company in Support of its Application for Approval of the Hoover Electric Service Contract and the Amended and Restated Implementation Agreement and Appendix in Support of Testimony |
| Exhibit SCE-02 | Appendix in Support of Testimony |
| Exhibit SCE-03 | Appendix in Support of Testimony |

G. Service List

An official service list has not yet been established in this proceeding. Thus, SCE is serving this Application and supporting Testimony and Appendices on the Chief Administrative Law Judge pursuant to Rule 1.9(a) of the Commission's Rules of Practice and Procedure.

V.

PRAYER FOR RELIEF

SCE respectfully requests that the Commission:

1. Grant expedited consideration of this Application, as the terms of the Hoover ESC are conditioned on the occurrence of final "CPUC Approval," as it is described in the Hoover ESC;
2. Approve the Application in its entirety;
3. Approve both the Hoover ESC and the Implementation Agreement in their entirety;
4. Find that the Hoover ESC is compliant with the Emissions Performance Standard;

5. Find the Hoover ESC and the Implementation Agreement, and SCE's entry into them, reasonable and prudent for all purposes, and find that any payments to be made by SCE pursuant to the contracts are recoverable in full by SCE through the ERRRA proceeding, subject only to SCE's prudent administration of the contracts;
6. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

JANET S. COMBS
TRISTAN REYES CLOSE

/s/ Tristan Reyes Close

By: Tristan Reyes Close

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August 29, 2016

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24th day of August, 2016, at Rosemead, California.

/s/ Colin Cushnie

By: Colin Cushnie
Vice President, Energy Procurement & Management
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